



FEDERAL INTERNATIONAL (2000) LTD

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PRESS RELEASE

FEDERAL'S EXPANSION PLANS YIELD RESULTS

- GROUP'S 1H2006 NET PROFIT JUMPS 148.0% TO \$6.2 M

Singapore, 11 August 2006 – SGX Mainboard-listed Federal International (2000) Ltd ("Federal" or "the Company"), an integrated engineering and procurement specialist supporting the energy and infrastructure sectors in the region, announced today that its net profit for the six months ended 30 June 2006 ("1H06") has surged 148.0% from S\$2.5 million in the corresponding period last year ("1H05") to S\$6.2 million.

The net profit was achieved on the back of higher Group revenue of S\$59.0 million, an increase of 58.6% from S\$37.2 million in 1H05. Improved performance of the Group's core business and the newly established marine vessel chartering business are the main contributors to the increase in revenue.

Gross profit rose from 26.7% in 1H05 to 30.6% in 1H06, reflecting the Group's successful execution of its margin-driven strategy of being selective in taking up low-margin Engineering, Procurement and Construction projects, while entering into the high-margin and recurring business segments such as marine logistics.

Group operating profit also jumped 153.3% from S\$3.0 million in 1H05 to S\$7.6 million in 1H06. This was due to a low increase in operating overheads which reflects the Group's rigorous efforts in managing its operating cost while growing the business.

Federal's Executive Chairman and CEO, Mr K. K. Koh commented on the results: "We are pleased with our financial performance for the first half of FY2006. Our continual efforts in exploring and seeking strategic business alliances locally and overseas have borne fruit. The clinching of a 10-year contract to provide time charter of floating, storage and off-loading ("FSO") vessel services in Indonesia is a case in point."

“Looking ahead, the sustained uptrend in oil prices and the global demand for oil will spur major oil companies to accelerate investments in upstream exploration and production activities. This is likely to translate into continued robust demand for marine logistics support services. In the light of this positive trend, the Group will build on the marine logistics vessel chartering segment by acquiring more FSOs to meet the strong demand in this market segment,” added Mr Koh.

Barring any unforeseen circumstances, the Directors are optimistic that the Group would remain profitable in the second half of FY2006.

About Federal International

Federal is a value-added distributor and provider of turnkey EPC (engineering, procurement & construction) solutions for the energy & infrastructure industries.

Through its subsidiaries, Houston-based HP & T Products, Inc., and KVC (UK) Ltd and its strategic stake in KVC Co., Ltd (Japan) -- companies which are involved in upstream activities such as research & development and, manufacturing of valves and valve-related equipment -- Federal is moving up the value chain as it aims to be an integrated service provider and procurement specialist in the energy and infrastructure industries.

Release issued on behalf of Federal International (2000) Ltd
by Aimpact Consultancy Pte Ltd

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